

## Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC 2300

C O N F I D E N T I A L SECTION 1 OF 2 TRIPOLI 0711

EXDIS

E.O. 11652: GDS

TAGS: OGEN, PFOR, AFSP

SUBJECT: ANNUAL POLICY ASSESSMENT FOR LIBYA

REF: 11 FAM 212.4

1. SUMMARY: IN THE EMBASSY'S VIEW THE PRINCIPAL U.S. INTERESTS IN LIBYA ARE THAT (A) LIBYA NOT BECOME A SITE FOR SOVIET BASES AND AREA OF EXCLUSIVE SOVIET INFLUENCE, AND (2) THAT LIBYA GIVE UP ITS OPPOSITION TO AN ARAB-ISRAELI SETTLEMENT. IT IS A FACT THAT OUR POWER TO PROMOTE THESE INTERESTS IN PRESENT CIRCUMSTANCES IS LIMITED. WE SHOULD, HOWEVER, CONTINUE TO USE WHAT LEVERAGE WE HAVE. WE SHOULD TELL THE LIBYANS CLEARLY THAT THEIR ATTITUDE ON THE MIDDLE EAST IS A BAR TO BETTER RELATIONS, AND THAT ARMS SALES WILL BE CONSIDERED IN LIGHT OF THE REGIME'S ATTITUDE TOWARD THE ARAB-ISRAELI DISPUTE. WE CANNOT COMPETE WITH THE SOVIETS AS ARMS SALESMEN TO QADHAFI'S REGIME, AND WE SHOULD NOT TRY. WE SHOULD NOT RELY TOO MUCH ON THE ARGUMENT THAT LIBYA IS A PROBLEM FOR THE EGYPTIANS TO SOLVE. SEVERAL STRUCTURAL FACTORS ARE WORKING IN OUR FAVOR OVER THE LONG TERM. ONE BRIGHT SPOT IN THE PICTURE IS THE CONTINUED EAGERNESS OF YOUNG LIBYANS TO GO TO THE U.S. FOR HIGHER EDUCATION, AND THE REGIME'S WILLINGNESS TO FINANCE THEIR STUDIES IN U.S. UNIVERSITIES. END SUMMARY.

2. I. U.S. INTERESTS

A. IN THE EMBASSY'S VIEW, BASIC U.S. INTERESTS IN LIBYA ARE:

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(1) THAT LIBYA, WITH ITS LONG MEDITERRANEAN COASTLINE,

NOT BECOME AN AREA OF EXCLUSIVE SOVIET INFLUENCE OR A SITE FOR SOVIET MILITARY BASES.

(2) THAT LIBYA STOP TRYING TO UNDERMINE THE SETTLEMENT PROCESS IN WHICH EGYPT IS ENGAGED WITH ISRAEL.

(3) THAT U.S.- LIBYAN RELATIONS IMPROVE TO THE POINT WHERE THE USG HAS ACCESS TO LIBYAN POLICYMAKERS.

(4) THAT THE U.S. MAINTAIN ITS SHARE OF THE LIBYAN MARKET FOR GOODS AND SERVICES.

B. IN THE ABSENCE OF A MIDDLE EAST SETTLEMENT, OR A CHANGE OF HEART BY THE REGIME WITH REGARD TO THE EXISTENCE OF THE JEWISH STATE, IT IS A FACT THAT OUR POWER TO PROMOTE THESE INTERESTS IS LIMITED, AS OUR BILATERAL RELATIONS WITH LIBYA MUST BE SUBORDINATED TO OUR LARGER INTERESTS IN THE AREA.

(1) WE SHOULD, NEVERTHELESS, USE WHAT LEVERAGE WE HAVE WITH THE REGIME. IT SHOULD BE BROUGHT HOME CLEARLY TO THE LIBYANS THAT, WHILE WE WILL NOT THREATEN THEM WITH SUBVERSION OR INVASION, THEY CAN EXPECT NO CONSIDERATION FROM US AS LONG AS THEY CONTINUE TO TAKE A LINE ON THE MIDDLE EAST WHICH IS DIRECTLY OPPOSED TO OUR VITAL INTEREST IN PEACE AND THE CONTINUED EXISTENCE OF ISRAEL. THE BEST WAY TO DO THIS IS NOT TO IGNORE LIBYAN APPROACHES TO US, OR TO DEAL WITH THEM IN A TENTATIVE AND PIECEMEAL WAY.

(2) WE SHOULD NOT RELY TOO MUCH ON THE ARGUMENT THAT LIBYA IS BASICALLY A PROBLEM FOR THE ARABS OR THE EGYPTIANS TO SOLVE FOR US. QADHAFI HAS ENOUGH APPEAL THROUGHOUT THE ARAB WORLD TO MAKE IT HARD FOR OUR ARAB FRIENDS TO KEEP HIM IN PERMANENT QUARANTINE. IN THE CASE OF EGYPT, IT SHOULD BE REMEMBERED THAT LIBYANS RESENT THE EGYPTIAN PRESENCE HERE; TO SOME EXTENT EGYPTIANS HAVE BECOME THE FOCUS FOR PERSISTENT ANTI-FOREIGN FEELING WHICH USED TO BE DIRECTED AGAINST THE U.S. AND BRITAIN UNDER THE MONARCHY. AN OVERLY PRO-EGYPTIAN REGIME WOULD SOON FIND ITSELF IN HOT WATER, ESPECIALLY IF ITS INSTALLATION OCCURRED THROUGH AN EGYPTIAN-BACKED COUP. FOR THIS REASON, IT WOULD PROBABLY NOT BE WISE TO ENCOURAGE ANY EGYPTIAN ATTEMPT TO OVERTHROW QADHAFI. ALTHOUGH WE ARE OBVIOUSLY SYMPATHETIC TO THE EGYPTIAN POSITION, WE SHOULD NOT BE ASSOCIATED WITH ANY ACTION WHICH COULD REDOUND TO OUR DISCREDIT IN THE REST OF THE ARAB WORLD.

C. THERE FOLLOWS A DISCUSSION OF SOME OF THE OUTSTANDING  
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ISSUES BETWEEN THE U.S. AND LIBYA IN THE LIGHT OF OVERALL  
U.S. INTERESTS.

### 3. II. U.S. ARMS SALES TO LIBYA

QADHAFI'S MILITARY REGIME IS INCLINED TO EVALUATE ITS RELATIONS WITH INDUSTRIALIZED STATES IN TERMS OF THE WILLINGNESS OF THOSE STATES TO SELL LIBYA ARMS. U.S. POLICY IN THIS AREA IS

BASED ON A DESIRE TO AVOID DOING ANYTHING WHICH COULD STRENGTHEN LIBYA'S OFFENSIVE CAPABILITY OR WHICH COULD BE READ IN THE ARAB WORLD AND ELSEWHERE AS IMPLYING APPROVAL OR TOLERANCE OF QADHAFI'S POLICIES. WE BELIEVE THAT THIS SHOULD BE MADE CLEARER TO THE LIBYANS THAN IT HAS BEEN IN THE PAST, AND THAT THE REGIME SHOULD BE TOLD THAT FUTURE SALES OF MILITARY MATERIEL UNDER U.S. LICENSE WILL BE CONSIDERED ON A CASE BY CASE BASIS IN THE LIGHT OF PROGRESS TOWARD A PEACEFUL SETTLEMENT IN THE MIDDLE EAST. THE LIBYANS MUST NOT BE ALLOWED TO ENTERTAIN THE ILLUSION THAT THEY CAN MAKE END RUNS AROUND THE USG WITH THE HELP OF VARIOUS ARMS SELLERS AND THE INDIRECT EXERTION OF COMMERCIAL PRESSURE.

IN OUR VIEW, LITTLE PURPOSE IS SERVED NOW BY KEEPING THE LIBYANS ON THE HOOK IN SUCH MATTERS AS THE DELIVERY OF THE EIGHT C-130'S THEY HAVE BOUGHT AND WHICH ARE AWAITING AN EXPORT LICENSE IN THE U.S., AND IT WOULD BE BETTER TO DO AWAY WITH THIS CONTENTIOUS ISSUE ONCE AND FOR ALL.

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ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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TO SECSTATE WASHDC 2301

C O N F I D E N T I A L SECTION 2 OF 2 TRIPOLI 0711

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#### 4. III. QADHAFI AND THE SOVIETS

QADHAFI'S RELATIONS WITH THE SOVIET UNION ARE BASED ON THE WILLINGNESS OF THE SOVIETS TO SELL HIM ARMS. THEY ARE ESSENTIALLY RELATIONS OF EXPEDIENCE AND CONVENIENCE ON THE LIBYAN AND, WE PRESUME, ON THE SOVIET SIDE. WE CANNOT COMPETE WITH THE SOVIETS IN SELLING LIBYA ARMS. NOR CAN WE COMPETE WITH THE SOVIETS IN THE ACQUISITION OF INFLUENCE IN LIBYA THROUGH COVERT AND SUBVERSIVE MEANS, AND WE SHOULD NOT TRY.

IN THE LONG TERM SEVERAL FACTORS ARE WORKING  
IN OUR FAVOR. ONE IS THAT, THE CLOSER THE REGIME GETS TO  
THE SOVIETS, THE MORE IT NEEDS A BALANCING U.S. PRESENCE.  
WE SHOULD BE ALERT TO SEIZE THE OPPORTUNITIES THIS SITUATION  
MAY PRESENT US WITH IN THE FUTURE. ANOTHER IS THAT THE  
LIBYANS ARE EXTREMELY JEALOUS OF THEIR POLITICAL INDEPENDENCE,  
AND WILL NOT SELL IT CHEAP. THE MODERN HISTORY OF THE  
REGION WHICH IS NOW CALLED LIBYA IS ONE OF RESISTANCE TO  
FOREIGN INTRUDERS. ALTHOUGH THE SOVIETS ARE WALKING ON VERY  
SOFT FEET AT THE MOMENT, THE HISTORY OF THEIR DEALINGS WITH  
OTHER ARAB STATES SUGGESTS THAT IT WILL NOT BE LONG BEFORE  
A REACTION AGAINST THEIR PRESENCE WILL SET IN.

THUS, IN THE EMBASSY'S VIEW, THE PRINCIPAL DANGER FOR  
U.S. INTERESTS OF A SOVIET MILITARY PRESENCE IN LIBYA LIES  
IN THE FACT THAT IT STRENGTHENS QADHAFI'S HAND IN HIS EFFORTS  
TO UNDERMINE MOVEMENT TOWARD A PEACEFUL SETTLEMENT OF THE  
ARAB-ISRAELI DISPUTE. WE BELIEVE THAT THE REGIME'S BASIC  
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ANTI-COMMUNIST ORIENTATION HAS NOT CHANGED, AND THAT IT IS  
NOT LIKELY TO CHANGE AS LONG AS QADHAFI IS IN POWER.

#### 5. IV. ECONOMIC AND CULTURAL RELATIONS

A. WE SHOULD TRY TO MOVE OUR CONTACTS WITH THE LIBYANS  
AWAY FROM THE AREA OF MILITARY SALES TO THAT OF ECONOMIC AND  
CULTURAL RELATIONS, ALTHOUGH EVEN HERE WE FACE SERIOUS  
OBSTACLES. DURING 1974 OUR SALES OF GOODS AND SERVICES TO  
LIBYA REMAINED AT ABOUT THE SAME LEVEL IN TERMS OF CONSTANT  
DOLLARS, BUT FELL AS A PROPORTION OF TOTAL LIBYAN SPENDING  
WHICH ROSE DRAMATICALLY AS A RESULT OF INCREASED OIL REVENUES.  
IN 1975-76 THE PROJECTED SALE OF BOEING OF THREE 727'S AND A  
VIP-EQUIPPED 707 SHOULD IMPROVE THE PICTURE. OUR BUSINESS  
PEOPLE SHOULD BE AWARE, HOWEVER, IN TRADING WITH LIBYA THAT  
THE REGIME FINDS ITSELF IN A FINANCIAL SQUEEZE AT THE MOMENT  
WHICH MAY MEAN THAT PAYMENT FOR GOODS AND SERVICES WILL BE  
DELAYED.

B. A BRIGHT SPOT IN THE PICTURE IS THE LIBYAN DESIRE TO  
EDUCATE LARGE NUMBERS OF THEIR YOUNG MEN IN THE U.S. OVER  
1500 GOVERNMENT-SUPPORTED STUDENTS HAVE ALREADY BEEN SENT,  
ACCORDING TO OUR LATEST RECKONING, AN INCREASE OF 50 PERCENT OVER  
LAST YEAR'S TOTAL, AND THE FLOW SHOWS NO SIGN OF SLOWING DOWN.  
WE SHOULD NOT TRY TO MAKE POLITICAL CAPITAL OUT OF THIS;  
THE FACTS SPEAK FOR THEMSELVES, AND AS A TACTICAL MATTER  
WE SHOULD KEEP OUR SATISFACTION TO OURSELVES. AT THE SAME  
TIME, WE SHOULD WORK HARD TO MINIMIZE ANY FRICTIONS THE  
PROGRAM MAY CREATE, AND DO OUR BEST TO SMOOTH OVER THE  
PROBLEMS WHICH MAY ARISE. IF NECESSARY, WE SHOULD BE READY

TO GO OUT OF OUR WAY TO REASSURE THE SUSPICIOUS REGIME THAT  
ITS STUDENTS WILL NOT BE DISCRIMINATED AGAINST OR PROPAGANDIZED  
IN ANY WAY. IN PARTICULAR, LIBYAN STUDENTS SHOULD NOT BE  
QUESTIONED BY U.S. LAW ENFORCEMENT AGENCIES UNLESS THERE IS  
GOOD REASON TO BELIEVE THAT THEY ARE INVOLVED IN ILLEGAL  
ACTIVITY. UNDER NO CIRCUMSTANCES SHOULD THEY BE QUESTIONED ABOUT  
THE POLITICAL SITUATION IN LIBYA.

6. V. RESOURCES PROJECTION

A. POSITIONS AUTHORIZED:

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